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UNITED STATES BANKRUPTCY COURT
 EASTERN DISTRICT OF CALIFORNIA
 SACRAMENTO DIVISION

In re:

RUSSELL WAYNE LESTER, an
 individual, dba Dixon Ridge Farms,

 Debtor in Possession.

CASE NO.: 20-24123-E-11

Chapter 11

DCN: FWP-2

5th Interim

Hearing: December 10, 2020

Time: 10:30 a.m.

Courtroom: 33 – Judge Ronald H. Sargis
 501 I Street, 6th Floor
 Sacramento, CA

**FOURTH INTERIM ORDER ON DEBTOR IN POSSESSION’S EMERGENCY
 MOTION FOR AN ORDER (A) AUTHORIZING INTERIM AND FINAL USE OF
 CASH COLLATERAL; (B) GRANTING REPLACEMENT LIENS; AND
 (C) SCHEDULING FINAL HEARING PURSUANT TO BANKRUPTCY RULE 4001**

The fourth preliminary hearing on the Emergency Motion for an Order (A) Authorizing Interim and Final Use of Cash Collateral; (B) Granting Replacement Liens; and (C) Scheduling Final Hearing Pursuant to Bankruptcy Rule 4001 (the “Motion”), submitted by the above-captioned Debtor in Possession (“Debtor in Possession”) was heard by this Court on October 29, 2020, at 10:30 a.m., in Courtroom 33 of the United States Bankruptcy Court for the Eastern District of California. The Debtor in Possession appeared through its counsel, Thomas A. Willoughby of Felderstein Fitzgerald Willoughby Pascuzzi & Rios LLP. Other appearances

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November 04, 2020

CLERK, U.S. BANKRUPTCY COURT
 EASTERN DISTRICT OF CALIFORNIA
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1 were noted on the record. The Court having made findings of fact and conclusions of law on the
2 record and finding that notice was adequate under the circumstances and that good cause exists
3 therefor,

4 **IT IS HEREBY ORDERED THAT:**

5 1. The Motion is **GRANTED** to the extent provided herein.

6 2. The Debtor in Possession is authorized to use the cash collateral of First Northern
7 Bank ("FNB") and Prudential Insurance Company of America ("Prudential") and any disputed
8 producer lien creditors that may exist (collectively, "Secured Creditors") on an interim basis for
9 the period beginning October 31, 2020 and ending December 11, 2020, for necessary expenses
10 in the amount of \$332,908 plus a 10% variance for emergencies during the harvest period
11 pursuant to the terms of the Simplified Budget attached as Exhibit A (Docket No. 207) to the
12 Declaration of Russell Burbank in Support of Debtor in Possession's Simplified Cash
13 Collateral Budget for October 2020 Through December 2020 (Docket No. 206). With respect to
14 any real property taxes due on December 10, 2020, in the amount of \$99,757, such payments,
15 which are not included in the above authorization, may only be made with the consent of
16 Secured Creditors and the agreement of the Debtor in Possession.

17 3. In addition to the existing rights and interests of the Secured Creditors in the
18 Cash Collateral and for the purpose of attempting to provide adequate protection for the interests
19 of the Secured Creditors, to the extent of any diminution in Secured Creditor's interest in the
20 Debtor in Possession's pre-petition cash collateral caused by Debtor in Possession's post-
21 petition use of such pre-petition cash collateral, Secured Creditors are granted:

22 a. A valid, perfected, and enforceable replacement lien under Sections 105,
23 361(2), and 363(e) of the Bankruptcy Code in the Debtor in Possession's post-petition cash
24 collateral and proceeds thereof to the same extent and with the same priority that Secured
25 Creditors' held in the Debtor in Possession's pre-petition cash collateral as of the Petition Date,
26 (the "Cash Collateral Replacement Lien");

27 b. A valid, perfected, and enforceable replacement lien under Sections 105,
28 361(2), and 363(e) of the Bankruptcy Code in the Conservation Easement, as defined in the

1 Motion, to the same extent and with the same priority that Secured Creditors held in the Debtor
2 in Possession's pre-petition cash collateral as of the Petition Date (the "Conservation Easement
3 Replacement Lien");

4 c. The Conservation Easement Replacement Lien shall be subordinated to
5 all the expenses of administration (including professional fees) of any trustee later appointed in
6 this case pursuant to Local Rule 4001-1(c)(4)(B);

7 4. In addition to the existing rights and interests of FNB in the Cash Collateral and
8 for the purpose of attempting to provide adequate protection for the interests of FNB, to the
9 extent of any diminution in FNB's interest in the Debtor in Possession's pre-petition cash
10 collateral caused by Debtor in Possession's post-petition use of such pre-petition cash collateral,
11 FNB, is granted:

12 a. A valid, perfected, and enforceable replacement lien under Sections 105,
13 361(2), and 363(e) of the Bankruptcy Code in the Putah Creek Road real property, as defined in
14 the Motion to the same extent and validity of the lien of FNB held in the Debtor in Possession's
15 pre-petition cash collateral as of the Petition Date (the "Putah Creek Replacement Lien");

16 b. The Putah Creek Replacement Lien shall be subordinated to all the
17 expenses of administration (including professional fees) of any trustee later appointed in this
18 case pursuant to Local Rule 4001-1(c)(4)(B);

19 c. To the extent that FNB does not already possess a valid, first priority lien
20 in the Debtor in Possession's crops now growing or grown in the 2020 crop year (the "2020
21 Crops"), a valid, perfected, and enforceable priming first-priority priming lien, to the extent it
22 does not already possess such a lien, under Sections 105, 361(2), and 364(d) of the Bankruptcy
23 Code on the 2020 Crops, senior in priority to any other security interests and liens in the 2020
24 Crops, to the same extent and with the same priority that Secured Creditors held in the Debtor in
25 Possession's pre-petition cash collateral as of the Petition Date (the "Post-Petition Crop Lien");

26 5. The Cash Collateral Replacement Lien, the Conservation Easement Replacement
27 Lien, the Putah Creek Replacement Lien, and the Post-Petition Crop Lien (collectively the
28 "Replacement Liens") are automatically deemed perfected upon entry of this Order without the

1 necessity of Secured Creditors taking possession, filing financing statements, mortgages or other
2 documents. The Replacement Collateral herein granted: (i) are and shall be in addition to all
3 security interests, liens and rights of set-off existing in favor of the Secured Creditors on the
4 Petition Date; and (ii) shall secure the payment of indebtedness to the Secured Creditors in an
5 amount equal to the actual diminution in value of the Cash Collateral on and after the Petition
6 Date resulting from the Debtor in Possession's use of Cash Collateral;

7 6. In addition to the Replacement Collateral granted to the Secured Creditors
8 pursuant to this Final Order, the Secured Creditors are hereby granted a super-priority
9 administrative claim under Sections 503(b)(1), 507(a), and 507(b) of the Bankruptcy Code (the
10 "507(b) Claims") for the amount by which adequate protection afforded herein for the amount of
11 the diminution in Secured Creditors' pre-petition cash collateral after all Replacement Liens
12 have been exhausted. Such 507(b) Claims shall have priority over all other costs and expenses
13 of the kind specified in or ordered pursuant to Sections 105, 326, 330, 331, 503(b), 506(c),
14 507(a), 507(b) or 726 of the Bankruptcy Code, except for the Office of the United States Trustee
15 Fees;

16 7. Except as provided herein in paragraph 4(c) above, none of the Replacement
17 Liens shall prime or impair any valid and previously perfected security or lien interests in the
18 replacement collateral. Nothing contained in this Order shall be deemed a finding with respect to
19 adequate protection (as such term is defined in Section 361 of the Bankruptcy Code) of the
20 interests of Secured Creditors.

21 a. Within (7) days of the end of each week in which the Debtor in
22 Possession uses cash collateral pursuant to the terms of this Order (a "Budgeted Week"), the
23 Debtor in Possession shall provide weekly periodic accounts to the Secured Creditors' counsel
24 that request such accountings setting forth the cash receipts and disbursements made by the
25 Debtor in Possession under this Order -- such accounting shall include, a simple cash out cash in
26 ledger or report, during the preceding Budgeted Week, and also a simple financial performance
27 report for that same Budgeted Week that provides forecast receipts, actual receipts, forecast
28 expenditures and actual expenditures;

1 b. On November 25, 2020, the Debtor in Possession shall submit a
2 simplified budget that provides forecast receipts, actual receipts, forecast expenditures and
3 actual expenditures by week for each projected cash collateral month through at least the week
4 ending February 28, 2021.

5 8. A continued interim hearing shall be held on the Debtor in Possession's Motion
6 on December 10, 2020, at 10:30 a.m. in the above-entitled Court, with notice of said hearing to
7 be served by the Debtor in Possession on or before November 25, 2020, 2020, on the United
8 States Trustee, FNB, Prudential, and the 20 largest unsecured creditors identified in the list filed
9 by the Debtor in Possession pursuant to Rule 4001(d) or the Federal Rules of Bankruptcy
10 Procedure, and on all parties who have requested special notice pursuant to revisions of Rule
11 2002(i) of the Federal Rules of Bankruptcy Procedure.

12 9. The positions and reservations of rights taken in all prior oppositions and replies
13 are preserved for subsequent hearings on this Motion.

14 10. Any supplemental oppositions to the Motion shall be filed on or prior to 3:01
15 p.m. on Monday, December 7, 2020, with any supplemental reply being filed on or prior to
16 12:00 noon on Wednesday December 9, 2020.

17 **Dated:** November 09, 2020

By the Court

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19
20 
21 Ronald H. Sargis, Judge
22 United States Bankruptcy Court
23
24

25 Approved as to Form:

26 **PRUDENTIAL INSURANCE**
COMPANY OF AMERICA

27 By: /s/ Jason DeJonker
28 Jason DeJonker, Counsel for Prudential
Life Insurance Company

KRAFT LAW

By: /s/ Douglas Kraft
Douglas Kraft, Counsel for First
Northern Bank of Dixon